

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/955*
6 July 1984

Special Distribution

Textiles Surveillance Body

Original: English

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral Agreement between Canada and Pakistan

The Textiles Surveillance Body has received from Canada a notification of a new bilateral agreement with Pakistan, concluded under Article 4 of the MFA, valid for the period 1 January 1983 to 31 December 1986. The notification included an interim arrangement for 1982.

The TSB, pursuant to its procedures regarding bilateral agreements notified under Article 4¹, has examined the relevant documentation and is forwarding the text of the notification to participating countries for their information.

¹ See COM.TEX/SB/35, Annex B.

² For the TSB's observations on this notification, see COM.TEX/SB/962.

*English only/anglais seulement/inglés solamente

17 January 1983

Pakistan Note

The Embassy of the Islamic Republic of Pakistan presents its compliments to the Department of External Affairs and has the honour to refer to the Memorandum of Understanding relating to the export from Pakistan of certain textile and textile products for import into Canada, signed in Islamabad on 21st December 1982 by Mr. Javed Burki, Joint Secretary, Ministry of Commerce, on behalf of the Government of Pakistan and Mr. Dean J. Browne, senior Director, Ministry of External Affairs on behalf of the Government of Canada.

In accordance with article 34 of the document, the Embassy would like to convey the acceptance of the Government of Pakistan to the Memorandum of Understanding. The Memorandum will become effective from 1 January 1983 as soon as the Department of External Affairs conveys the acceptance of the Government of Canada.

The Embassy of the Islamic Republic of Pakistan avails itself of this opportunity to renew to the Department of External Affairs the assurances of its highest consideration.

Department of External Affairs,
C. D. Howe Building,
235 Queen Street, Ottawa, Ontario

The Embassy of Canada presents its compliments to the Ministry of Foreign Affairs of the Islamic Republic of Pakistan and has the honour to acknowledge receipt of Note No. PL-5/3/83 dated 17 January 1983 presented by the Embassy of the Islamic Republic of Pakistan in Ottawa to the Department of External Affairs which reads as follows:

Pakistan Note

The Canadian Department of External Affairs has further the honour to confirm, in accordance with Article 34 of the Document, that the Memorandum of Understanding is acceptable to the Government of Canada and to propose that the note from the Embassy of the Republic of Pakistan and this note, together with the Memorandum of Understanding between the Government of Pakistan and the Government of Canada relating to the export from Pakistan of certain textile and textile products for import into Canada, shall constitute an arrangement between the Government of Pakistan and the Government of Canada to be effective from 1 January 1983 and to remain in force for four calendar-year periods until 31 December 1986, subject to the right of either government to terminate the arrangement at the end of any restraint period by written notice to the other government, to be given at least ninety days prior to the end of the restraint period.

The Embassy of Canada avails itself of this opportunity to renew to the Ministry of Foreign Affairs the assurances of its highest consideration.

ISLAMABAD, August 4, 1983.

Memorandum of Understanding between the Government of Canada and the Government of Pakistan relating to the export from Pakistan of certain textiles and textile products for import into Canada.

Introduction

1. This Memorandum of Understanding (MOU) sets out the arrangements that have been agreed between the Governments of Canada and Pakistan regarding the export of certain textiles and textile products from Pakistan for import into Canada.

2. These arrangements have been made having regard to the Arrangement Regarding International Trade in Textiles (hereinafter referred to as "the MFA") and in particular to Article 4 thereof, and to the Protocol extending the said Arrangement.

Restraint Periods

3. These arrangements will apply for four (4) years commencing on 1 January 1983 and ending on 31 December 1986.

Restraint Levels

4. Except as provided for in paragraphs 14 to 19 and 27 below, the Government of Pakistan will restrain its exports to Canada of the textiles and textile products described in Annex I for the calendar year commencing 1 January 1983 to the limits specified therein.

5. For the three calendar year periods commencing 1 January 1984 and ending on 31 December 1986, the Government of Pakistan will restrain its exports to Canada of the textile products described in Annex I to the limits specified therein advanced on an annual basis by the growth rate specified in column (D).

Coverage

6. For the purpose of these arrangements, the expression "textiles" will have the meaning ascribed to the expression in Article 12.1 of the MFA.

7. For the purpose of classifying textiles and textile products in the appropriate category, the definition and notes set out in Annex II will apply.

Administration

8. These arrangements will be implemented on the basis of the export control system operated by the Government of Pakistan.

9. The Government of Canada will admit imports of the textiles and textile products described in Annex II and subject to a specific quantitative limit in Annex I, provided such imports are covered by an original copy of a Pakistani "Export Licence" endorsed and issued by the proper Pakistani authority to the effect that the imports covered by the licence have been debited to the applicable quantitative limit as set out in Annex I.

10. The export licences issued by the Government of Pakistan in respect of products subject to restraint levels as specified in Annex I of this arrangement will contain the following information:

1. Country of destination
2. Country of origin
3. Licence number
4. Importer's name and address
5. Exporter's name and address
6. Category number and description of product as set out in Annex I of the MOU
7. Quantity expressed in the units as designated in Annex I of the MOU.
8. F.O.B. or C.I.F. value except for non-commercial consignments
9. Certification by the Pakistani Authority that the quantity has been debited against the agreed restraint level for exports to Canada.
10. Quota year.

11. In the event any quantity covered by an export licence is not shipped, the Government of Pakistan will notify the Government of Canada of such quantity which may be credited by the Government of Pakistan to the appropriate restraint level.

12. The Government of Pakistan will endeavour to ensure that exports of all textiles and textile products which are listed in Annex II and are subject to restraint levels as per Annex I are spaced out as evenly as possible during each restraint period, due account being taken of seasonal factors and of normal channels of trade.

13. If, on the basis of export data provided by the Government of Pakistan, the Government of Canada ascertains that there is a sharp and substantial increase in the concentration of exports of textiles or textile products, other than that attributable to normal seasonal factors, it may request consultations in accordance with the provisions of paragraphs 28 and 29 with a view to remedying this situation.

Swing

14. Subject to the specific limitations set out in Annex I, and following notification to the Canadian authorities, any restraint level may be exceeded by the percentage shown in column (E) provided that an equivalent amount is deducted from any other restraint level. When any restraint level is exceeded by the application of swing, the Government of Pakistan will so indicate in subsequent monthly returns.

15. For the purpose of implementing the swing provisions in paragraph 14, the conversion factors shown in Annex I will apply.

Carry-Over/Carry-Forward

16. Following notification to the Government of Canada of the quantities involved, portions of any quantitative limit set out in Annex I which are not used during the restraint period may be carried over and added to the corresponding quantitative limit for the following restraint period. The restraint level for any such restraint period will be increased within the higher percentage limit set out in column (F) of Annex I.

17. Any restraint level may be increased within the lower percentage limit set out in column (F) of Annex I by an amount advanced from the corresponding restraint level for the following restraint period. The restraint level for any such following restraint period will be reduced by an amount equal to the amount so advanced.

18. Notwithstanding the foregoing, the carry-over/carry-forward provisions may be used in combination only up to the higher percentage limit set out in column (F) of Annex I.

19. Further to paragraphs 14 to 18 above, where applicable, the restraint levels in column (C) of Annex I may not be increased by the combined use of swing, carry-over and carry-forward by more than the percentage indicated in column (G) of Annex I.

Exchange of Statistics

20. Both Governments will exchange such other statistical data relating to exports of textiles and textile products not subject to these arrangements as may reasonably be required.

21. The Government of Pakistan will provide the Government of Canada with monthly statistics relating to exports of the textiles and textile products listed in Annex II which are licensed for export to Canada and debited against restraint levels for each restraint period as per Annex I.

22. When submitting the monthly statistics mentioned in paragraph 21, the Government of Pakistan undertakes to include the following information:

- a. Category and description of goods as set out in Annex I.
- b. Original and adjusted restraint level for the restraint period.
- c. Total quantity issued for the restraint period to date in the units designated in Annex I.
- d. Notification of any utilization of swing, carry-over or carry-forward provisions and the quantities involved as provided for in paragraphs 14, and 16-19 above.

This information should be provided as soon as possible following the end of each month.

23. The Government of Canada will provide the Government of Pakistan with monthly statistics relating to import permits issued for imports originating in Pakistan of the textiles and textile products listed in Annex II, along lines similar to the statistics to be provided by the Government of Pakistan pursuant to paragraph 21 above. In addition, the Government of Canada will provide the Government of Pakistan with monthly statistics of total imports and imports from other significant suppliers in respect of textiles and textile products categorized in Annex I.

24. Both Governments reserve the option of requesting, should it be necessary, more specific and detailed information.

Equity

25. Should either Government consider, as a result of these arrangements, that it is placed in an inequitable position compared with any third party, that Government may request the other to consult as provided in paragraphs 28 and 29 with a view to implementing appropriate remedial measures.

Re-Exports

26. The Government of Canada will, so far as possible, inform the Government of Pakistan when imports into Canada of textiles and textile products subject to these arrangements are subsequently re-exported from Canada. Where such re-exports have been debited by the Government of Pakistan to quantitative limits the Government of Pakistan may then credit the amount involved to the appropriate quantitative limits.

Handloom Products

27. With reference to Article 12(3) of the MFA, this arrangement shall not apply to bona fide handmade clothing of handloomed fabric as defined in Annex III when accompanied on importation by a certificate validated by the competent Pakistani authorities.

Consultations

28. Either Government has the right to request consultations with the other Government on any matter arising from the implementation or operation of these arrangements or on any matter germane thereto. Such consultations will be governed by the following:

- Any request for consultations will be notified in writing to the other Government;
- The request for consultations will be accompanied by or followed within a reasonable period (and in any case not later than twenty-one days following the request) by a statement setting out the reasons and circumstances which, in the opinion of the requesting Government, justify the submission of such a request;
- The other Government will accept such a request and such consultations will be held within thirty days of the date of notification of the request;
- Both Governments will enter into consultations with a view to reaching a mutually acceptable conclusion within thirty days of the date on which actual consultations commence.

29. Any consultations held under these provisions will be approached by both Governments in a spirit of cooperation and with a desire to reconcile the differences between them.

MFA Rights

30. Each Government reserves its rights under the MFA with respect to textiles and textile products not subject to these arrangements.

Revisions and Termination

31. Either Government may at any time propose revisions to the terms of these arrangements having regard to the MFA and to the Protocol extending it.

32. Either Government may terminate these arrangements effective at the end of any restraint period by written notice to the other Government, to be given at least ninety days prior to the end of any restraint period.

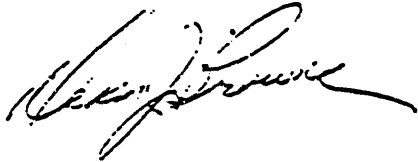
Annexes

33. The annexes to this Memorandum of Understanding will be considered an integral part of it.

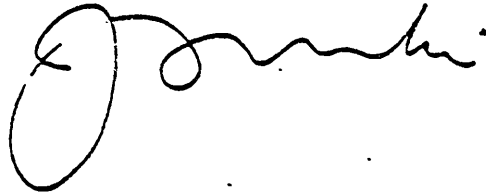
Final Provisions

34. This Memorandum of Understanding will become effective on 1 January 1983 subsequent to an exchange of notes between the two Governments confirming their acceptance of these arrangements.

For the Government of Canada



For the Government of Pakistan



ANNEX I - RESTRAINT LEVELS

(A) ITEM NO.	(B) SHORT DESCRIPTION	(C) RESTRAINT LEVEL	(D) GROWTH	(E) SWING	(F) CARRY-OVER/ CARRY- FORWARD	(G) COMBINED FLEXIBILITY (E) & (F)	(H) CONVERSION FACTOR (M ² /UNIT)
<u>Group I</u>							
1	Trousers, Shorts, Overalls and Coveralls (excluding overalls and coveralls)(All fibres) MBWGCI	381,000 units	6%	7%	11(6)%	-	1.9
2	Shirts with Tailored Collars MB (All fibres)	220,000 units	6%	7%	11(6)%	-	1.7
3	Shirts, Blouses, T-Shirts, Sweat-Shirts MBWGCI (All fibres)	2,250,000 units	7%	7%	11(6)%	-	1.4
A) of which, shirts, blouses MBWG (All fibres)							
4	Dresses, Skirts WGCI (All fibres)	750,000 units	6%	7%	11(6)%	---	1.4
<u>Group II</u>							
5	Work Gloves	1,764,000 units	6%	7%	11(6)%	-	2.9M ² per doz. pairs
6	Cotton Terry Towels, Washcloths and Sets, including Barmops	388,800 kg.	8%	7%	11(6)%	-	2.8M ² /kg.

NOTE: 1. No swing between products in Group I and products in Group II.
2. Detailed definitions for all above items are given in Annex II.

ANNEX II - DEFINITIONS AND DESCRIPTIONS OF
TERMS USED IN ANNEX I

General Notes

1. Gender - Unless otherwise indicated, all definitions of garments apply to garments for men, boys, women, girls, children and infants. Children's and infants' garments include all garments sized 0 - 6 X.
2. Unless otherwise indicated, swing is permitted from adult garments to childrens' and infants' garments at a 3 to 5 ratio.
3. All garment items include partially manufactured garments, i.e., garments which have been cut and sewn, or otherwise assembled, but which require further manufacture or processing.
4. Garments of indeterminate gender, including unisex garments, are to be counted as of male gender.
5. "Wholly or mainly" is 50 percent or more in all items unless otherwise indicated.

Description of Product Categories

1. Trousers, Shorts, Overalls and Coveralls

Trousers, pants, slacks and jeans wholly or mainly by weight of cotton, man-made fibres, or wool or blends thereof, being garments which do not extend above the waist but extend to the knee or below. Included are jodhpurs, knickers, footless tights, gauchos.

Note: Men's and boys' garments in this item manufactured of fabric containing 5 percent or more by weight of wool or hair are considered to be woollen garments.

Overalls and coveralls wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof. Overalls and coveralls are one-piece garments, as either pants or shorts but extending above the waist in the form of a bib (or permanently affixed straps) or other structure which partially or fully covers the upper part of the body. One-piece jumpsuits are included.

Outershorts, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof. Shorts are garments similar to pants but not extending to the knees.

2. Shirts, Tailored Collar

Shirts with tailored collars, men's and boys' wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof, knitted or woven, being garments covering the upper part of the body normally worn next to the skin or directly over underwear and with a full or a partial front opening which may include a zipper and may be designed to be worn either inside or outside of pants. Included are all men's and boys' shirts meeting this description whether exported separately or as part of a set.

Note: Included are children's sizes 4-6X.

Note: A "tailored collar" consists of one or more pieces of material which are cut and sewn or cut and fused and designed with two pointed or rounded ends. The following may be used when needed, in the construction: stays, lining, stiffening by any means.

3. Shirts, Blouses, T-shirts, Sweatshirts

Blouses and shirts, women's and girls', children's and infants' wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof, knitted or woven, being garments which may have a complete or partial front or back opening covering the upper part of the body, excluding underwear, jackets, T-shirts, sweat-shirts and sweaters.

Shirts, men's and boys', other than with tailored collars, including full-fashioned collars, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof. A full-fashioned collar consists of one piece knitted to shape collar. For a full description of "shirts" see description for shirts, tailored collar.

T-shirts, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof. T-shirts are knitted garments which may have collarless front opening or no front opening covering the upper part of the body of construction 19 cut or finer, i.e., 19 or more vertical stitches per inch.

Sweatshirts, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof, being garments at least one side of which is brushed or fleeced, covering the upper part of the body. Sweaters are not included.

Note: The definitions of T-shirts and sweatshirts for men and boys are subject to the over-riding definitions of men's and boys' shirts with tailored or full-fashioned collars.

4. Dresses and Skirts

Dresses, women's and girls', children's and infants' wholly or mainly by weight of cotton, man-made fibres, or wool, or blends thereof. Dresses are one-piece garments extending above the waist, including jumpers, evening gowns, dusters and house dresses (other than sleepwear).

Skirts, women's and girls', children's and infants', wholly or mainly by weight of cotton, man-made fibres, or wool, or blends thereof. Skirts are one piece garments not extending above the waist including golf skirts, kilts (including men's and boys') and culottes.

5. Work Gloves

Work Gloves, both finished and partially manufactured, that are wholly or mainly of textile fabrics, wholly or mainly by weight of cotton, man-made fibres or blends thereof whether or not impregnated or coated including such gloves manufactured partly of leather and including work glove liners.

6. Cotton Terry Towels, Washcloths and Sets, including Bar mops

Cotton terry towels, washcloths and sets are made of fabrics woven on a terry loom using single or plyed cotton or man-made yarns or blends of man-made yarns, containing 50% or more by weight of cotton, with loop pile on one or both sides covering the entire surface or part of the surface to form designs or patterns such as stripes, checks, etc., whether greige, bleached, dyed or printed. Towels are normally made in rectangular form and range in sizes up to approximately 36 inches in width and 72 inches in length. Depending on size, towels are described frequently as tea, hand, beach, bath and bath sheets. Facecloths are normally made in square or rectangular form ranging in sizes from 50 square inches to 169 square inches.

Bar mops are terry products which are of sizes 17" x 20" and below, commonly used for wiping and made of ribbed warps and loose fills not exceeding four harnesses.

ANNEX III

1. The exemption provided for in paragraph 27 of this MOU in respect of cottage industry products will apply only to the following products:

- a) garments or other textile articles of a kind traditionally made in the cottage industry, having been cut, sewn and embroidered, if applicable, by hand from handloom textile fabrics. Handloom textile fabrics are fabrics, which have been woven on looms-operated solely by hand or foot and are of a kind traditionally made in the cottage industry.
- b) traditional Pakistani handicraft batik fabrics and clothing products made by hand from such batik fabrics. Handicraft batik is produced by a process which involves the following three operations, carried out by hand, for each of the colours or shades applied to the fabric:
 - i) Waxing (Application of wax by hand to the fabric),
 - ii) Dyeing/Printing (Application of colour either by the traditional cottage method of dyeing or hand-printing),
 - iii) Dewaxing (Boiling the fabric to remove the wax).

2. The exemption will apply only in the respect of products covered by a certificate issued by the competent Pakistani authorities.

3. Such certificates will indicate the grounds on which the exemption is based and will be accepted by Canadian authorities provided that they are satisfied that the products concerned conform to the conditions set out in this Annex.

10A, avenue de Budé
1202 Geneva

April 30, 1984

Ambassador M. Raffaelli
Chairman
Textiles Surveillance Body
General Agreement on Tariffs
and Trade
Centre William Rappard
154, rue de Lausanne
1211 Geneva 21

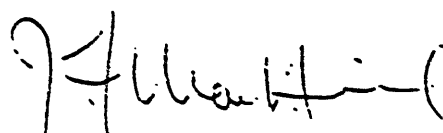
Dear Ambassador Raffaelli,

With reference to the recent notification of the bilateral arrangement for the period 1983-1986 between Canada and Pakistan under Article 4 paragraph 4 of the MFA, I also have the honour to notify under this Article a restraint arrangement for the year 1982 covering exports from Pakistan to Canada of cotton terry towels, washcloths and sets, including barmops. This restraint arrangement was concluded in the context of negotiations regarding the longer term arrangement, subsequently agreed to. Reference to this arrangement was inadvertently omitted from the notification of the longer term arrangement.

The 1982 restraint level¹ was established taking into account historical trading patterns and other provisions contained in Article 4 of the MFA and its Protocol of Extension. In anticipation of a longer term arrangement on exports of these items, the arrangement provided for 8 percent growth and flexibility provisions allowing for a carry over/borrow-forward of 11 percent; the sub-limit for borrow-forward being 6 percent.

The Government of Canada believes this arrangement conforms with the provisions of the MFA and its Protocol of extension.

Accept, Sir, the renewed assurances of my highest consideration.



J.L. MacNeil
Minister

¹360,000 kilograms